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MAY THE BEST MERCHANDISE WIN: THE LAW OF NON-TRADEMARK USES OF SPORTS LOGOS

MARK A. KAHN¹

I. INTRODUCTION

Suppose you are planning to go to a Major League Baseball game during the upcoming weekend. To prepare for your outing, you go down to your local mom-and-pop sporting goods retailer to purchase a shirt featuring the logo of your favorite baseball team. At the store, you see several different styles of shirts ranging from an eight-dollar shirt that feels like it will fall apart the first time it is washed to a twenty-dollar 100%-cotton tee shirt. You may or may not consider whether either your favorite team or Major League Baseball "officially" sponsors any or all of the shirts, but you probably do not care. Rather, your primary interest is in obtaining a piece of quality merchandise that will allow you to express your loyalties at the ballpark.

After weighing the options, you settle on the top-of-the-line twenty-dollar shirt. Unbeknownst to you (or even the owners of the store), the shirt you chose is not officially licensed by Major League Baseball. In fact, it is part of a series of professional sports team shirts produced by an unlicensed, third-party vendor. This vendor operates his business by purchasing plain, white shirts from a clothing wholesaler and then has various designs and logos pressed onto the shirts. As it happens, the shirts used by this vendor are identical in fabric blend and quality to the shirts used by vendors that are officially licensed by Major League Baseball. In fact, the only difference between the shirts is that an unlicensed vendor produces one set and a licensed vendor produces the other.

If you asked a layperson (or even most attorneys) what was wrong with the third-party vendor's behavior in the above hypothetical, you would likely be instructed that the third-party vendor was infringing the trademark of the Major League Baseball team. However, the behavior of the third-party vendor

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does not constitute infringement under traditional federal trademark law. While the apparent equities of such a hypothetical may compel some courts to find that the team's trademark has been infringed, the principles of trademark law do not support such holdings.

II. BACKGROUND LAW

Although the Lanham Act, the current federal statute governing trademark law, was originally signed into law only in the first half of the twentieth century,² legal protection for trademarks has existed for several centuries.³ The Lanham Act did not represent a significant change in trademark law; rather, it merely codified many of the common law trademark protections that had developed over the previous four centuries.⁴

A. Underlying Theory of Trademark Law: The Lanham Act as a Consumer-Protection Statute

Two significant interests are advanced by the Lanham Act: (1) the interests of the consumer in knowing that a given product comes from a known producer, and (2) the interests of the manufacturer in being permitted to develop and control the goodwill associated with a given product.⁵ While these two sets of interests are not mutually exclusive, trademark law is a consumer protection law,⁶ and as such, the interests of manufacturers are irrelevant except to the extent that consumer interests are affected.⁷

2. The Lanham Act was originally passed in 1946. Trademark Act of 1946, 15 U.S.C. § 1051(2000). However, the first federal trademark statute was enacted in 1870. See 1 J. THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION § 5:3 (4th ed. 1999).

3. See BEVERLY W. PATTISHALL ET AL., TRADEMARKS AND UNFAIR COMPETITION 2 (4th ed. 2001) (citing a 16th Century English case as the first reported trademark case).

4. See 1 MCCARTHY, *supra* note 2, § 5:5.

5. See *Park 'N Fly, Inc. v. Dollar Park & Fly, Inc.*, 469 U.S. 189, 198 (1985).

6. See *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 157 (1989).

The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting consumers from confusion as to source. While that concern may result in the creation of 'quasi-property rights' in communicative symbols, the focus is on the protection of consumers, not the protection of producers as an incentive to product innovation.

Id.; see also 1 MCCARTHY, *supra* note 2, § 2:33 ("[W]hile the consumer is not a directly participating litigant, the consumer's state of mind is paramount. In this sense, protection of trademarks is merely a facet of consumer protection.").

7. In a 1999 article, Professor Mark Lemley explores how courts have moved away from the consumer protection rationale of trademark law and have recognized a property interest in trademarks. Professor Lemley argues that proper application of trademark law does not recognize such a property interest. See Mark A. Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 YALE L.J. 1687 (1999).

Trademark law's focus on the consumer stems from the way that a trademark functions. A trademark permits a consumer to know something about the quality of a given product without investing time and money researching the specifics of the product.⁸ Thus, trademarks reduce transaction costs. Because the trademark owner is known to produce goods of a certain quality, consumers can assume that future goods will be of a similar quality.

The consumer focus of trademarks is manifested in the definition of the term under the Lanham Act. Under the Act, a trademark is defined as follows:

The term "trademark" includes any word, name, symbol, or device, or any combination thereof –

(1) used by a person, or

(2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this [Act],

to identify and distinguish his or her goods, including a unique product, from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown.⁹

Under this definition, the mark only functions as a trademark to the extent that the mark serves as a source identifier to consumers. As a result, when marks are not functioning as trademarks, the Lanham Act does not protect their use.

Two decades before the Lanham Act was passed, the *Harvard Law Review* published Frank Schechter's now seminal piece on trademark law entitled *The Rational Basis of Trademark Protection*.¹⁰ In this oft-cited work, Schechter provides a thorough discussion of how trademarks function in commercial society.¹¹ Specifically, he notes,

[The trademark] indicates, not that the article in question comes from a definite or particular source, the characteristics of which or the personalities connected with which are specifically known to the consumer, but merely that the goods in connection with which it is used emanate from the same – possibly anonymous – source or have reached the consumer through the same channels as certain other goods that have already given the consumer satisfaction, and that bore

8. See ROBERT P. MERGES ET AL., *INTELLECTUAL PROPERTY IN THE NEW TECHNOLOGICAL AGE* 529 (3rd ed. 2003).

9. 15 U.S.C. § 1127 (2000).

10. Frank I. Schechter, *The Rational Basis of Trademark Protection*, 40 HARV. L. REV. 813 (1927).

11. See *id.*

the same trademark.¹²

Schechter goes on to remark that “[t]he true functions of the trademark are, then, to identify a product as satisfactory and thereby to stimulate further purchases by the consuming public.”¹³

Two years after the Lanham Act was passed, Professor Ralph Brown published an important article regarding the economics of trademarks as they relate to advertising.¹⁴ In the piece, Professor Brown recognizes that “[t]he informative job of trade symbols is conventionally considered to be identification of source; and it is this capacity which courts traditionally have protected.”¹⁵ Consequently, from the earliest days of the current statutory framework of trademark law in the United States, legal scholars have focused on how trademark law is designed to protect and assist consumers, rather than on how businesses benefit from trademark law.

The purpose of the Lanham Act, as embodied in 15 U.S.C. § 1127, reflects this overriding concern for the consumer:

The intent of this [act] is to regulate commerce within the control of Congress by making actionable the deceptive and misleading use of marks in such commerce; to protect registered marks used in such commerce from interference by State, or territorial legislation; to protect persons engaged in such commerce against unfair competition; to prevent fraud and deception in such commerce by the use of reproductions, copies, counterfeits, or colorable imitations of registered marks; and to provide rights and remedies stipulated by treaties and conventions respecting trademarks, trade names, and unfair competition entered into between the United States and foreign nations.¹⁶

Although nothing in the expressed intent of the Lanham Act limits trademark causes of action to situations where consumers are confused, resulting in misappropriation of goodwill, this subsection focuses on deceptive and misleading practices, which necessarily focuses the inquiry on the minds of consumers and the public in general. Consequently, the implication of this subsection of the Lanham Act is that consumer confusion must be present in order for the Lanham Act to apply.

12. *Id.* at 816.

13. *Id.* at 818.

14. Ralph S. Brown, Jr., *Advertising and the Public Interest: Legal Protection of Trade Symbols*, 57 YALE L.J. 1165 (1948).

15. *Id.* at 1185.

16. 15 U.S.C. § 1127 (2000).

Admittedly, "intent" sections of statutes do not necessarily reveal the true congressional purpose that underlies a given law. However, the legislative history of the Lanham Act further supports the claim that Congress hoped to protect consumers against deception:

[W]hen it is considered that the protection of trade-marks [sic] is merely protection to goodwill, to prevent diversion of trade through misrepresentation, and the protection of the public against deception, a sound public policy requires that trade-marks [sic] should receive nationally the greatest protection that can be given to them.¹⁷

The legislative history thus reflects a desire to prevent misappropriation of goodwill in the context of preventing harm to consumers.

The legislative history further indicates that there is not a property ownership of a trademark except to the extent that the unauthorized use of a trademark results in deception.¹⁸ "[T]he fundamental principles of trademark law have essentially been ones of tort: unfair competition, and the tort of deception of the consumer. In this sense, trademarks may not be thought of as analogous to 'property rights' at all."¹⁹ As a result, trademark law is not concerned with misappropriation in monetary terms *per se*. Rather, trademark law only cares about loss of revenue to the trademark owner to the extent that the trademark owner has also wrongly had its goodwill misappropriated.

It is plausible to argue that the Lanham Act essentially constitutes a federal law of unfair competition. However, while an acknowledged goal of the Lanham Act is to stop unfair competition, the Lanham Act does not create a general federal law of unfair competition.²⁰ In fact, trademark law is merely a small subset of the law of unfair competition.²¹

As a result, trademark law cannot serve as a vehicle to stop all types of unjust business practices. While unfair competition deals with all practices relating to the purchase of goods, trademark law focuses just on practices that hinder the source-identifying function of the mark that appears on the

17. S. REP. NO. 79-1333, at 4 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274, 1277.

18. "It is only where the unauthorized use of a trade-mark [sic] results in deception with consequent damage to the so-called owner, in other words, amounts to unfair competition, that there is an invasion of the 'owner's' right." *Hearings on H.R. 9041 Before the Subcomm. on Trademarks of the House Comm. on Patents*, 75th Cong. 57 (1938) (statement of Rep. Lanham, Member, House Subcomm. on Trademarks), *quoted in* 8 JEROME GILSON, TRADEMARK PROTECTION AND PRACTICE pt. III-32, § 1114 (1999).

19. MERGES ET AL., *supra* note 8, at 531.

20. *See Colligan v. Activities Club of N.Y., Ltd.*, 442 F.2d 686, 692-93 (2d Cir. 1971); *Glenn v. Adver. Publ'ns, Inc.*, 251 F. Supp. 889, 901 (S.D.N.Y. 1966).

21. *See PATTISHALL ET AL.*, *supra* note 3, at 3-4.

underlying goods.²² For example, if a manufacturer's competitor were to go to a retail store and hide all of that manufacturer's goods, that would probably constitute unfair competition but not trademark infringement. To the extent that the Lanham Act prohibits unfair competition, that prohibition is most prevalent in § 43(a).²³ According to one court, "Congress' purpose in enacting § 43(a) was to create a special and limited unfair competition remedy. . . ."²⁴ Importantly, because of the construction of the section, the statute only covers unfair competition to the extent that false description (i.e., false advertising) or false designation of origin is involved.²⁵ Moreover, the court in *Gold Seal Co. v. Weeks* interpreted § 43(a) as follows:

In effect it says: you may not conduct your business in a way that unnecessarily or unfairly interferes with and injures that of another; you may not destroy the basis of genuine competition by destroying the buyer's opportunity to judge fairly between rival commodities by introducing such factors as falsely descriptive trade-marks [sic] which are capable of misinforming as to the true qualities of the competitive products.²⁶

Thus, while the Lanham Act, and more specifically, § 43(a) of the Lanham Act, seeks to prevent unfair competition, it is only a small subset of unfair competition that falls within the ambit of the Lanham Act.

Given the limited nature of trademark law as a prohibition against unfair competition, it is worth considering what constitutes misappropriation of goodwill. Goodwill is not easily defined, but one court summed it up as "the favorable consideration shown by the purchasing public to goods known to emanate from a particular source."²⁷ Moreover, as McCarthy explains, "A trademark is a very peculiar kind of property. For it has no existence apart from the good will of the product or service it symbolizes. Good will of a business and its symbol, a trademark, are inseparable."²⁸

Thus, the trademark itself does not have good will; rather, the goodwill of the trademark is wrapped up with the goodwill of the underlying products. A trademark owner creates goodwill in his mark with respect to his products by repeatedly attaching his mark to products of a certain quality level. Thus, an

22. See 1 MCCARTHY, *supra* note 2, § 2:7.

23. See 15 U.S.C. § 1125(a) (2000).

24. *Colligan*, 442 F.2d at 692.

25. See *id.* at 692-93.

26. *Gold Seal Co. v. Weeks*, 129 F. Supp. 928, 940 (D.D.C. 1955).

27. *White Tower Sys., Inc. v. White Castle Sys. of Eating Houses Corp.*, 90 F.2d 67, 69 (6th Cir. 1937).

28. 1 MCCARTHY, *supra* note 2, at § 2:15.

infringer misappropriates the goodwill of the trademark owner when the infringer attaches a “counterfeit” mark to his own goods and attempts to sell his products based on that goodwill that the trademark owner has built up over the years.

B. Manifestations of the Consumer-Protection Theory: Trademark Disputes Under the Lanham Act and the Common Law

Given the consumer-protection focus of trademark law, it is worth discussing the specifics of how trademarks are protected under federal law. The section begins with a discussion of standing under the Lanham Act. A discussion of traditional trademark infringement and infringement by dilution follows. The section concludes with a discussion of the various defenses to trademark infringement that may be applicable to sports logo scenarios.

1. The “Standing” Anomaly

An interesting characteristic of trademark law is that although the key component of a trademark law cause of action is consumer confusion, consumers do not have standing to sue.²⁹ Instead, only the trademark owner is authorized to institute a cause of action.³⁰ Arguably, this suggests that because standing to sue resides solely with trademark owners, the key to any trademark law inquiry is whether there has been misappropriation rather than whether there has been consumer confusion. However, for several reasons, this argument oversimplifies the reason why consumers lack standing, and the focus of any trademark infringement action continues to be on the likelihood of consumer confusion.

First, although trademark law requires that consumers be confused, the trademark owners incur a much greater amount of harm. Specifically, while the individual consumer suffers because he does not get the product that he thought he was getting, the trademark owner suffers in two ways: (1) the revenue that she was entitled to is diverted to the counterfeit manufacturer, and (2) the goodwill she has invested time and money in developing deteriorates, assuming that the counterfeit goods are of a lesser quality.

Second, the trademark owners are the ones that are intimately familiar with their trademarks. Thus, they are more likely than the average consumer to know that their trademarks have been infringed. Even if consumers were aware that they had bought counterfeit goods, letting consumers sue would be

29. See 4 MCCARTHY, *supra* note 2, at § 27:20.

30. See *id.*

extremely inefficient for two reasons: (1) there would be the potential for duplicative lawsuits in many jurisdictions, and (2) a potential plaintiff would have to learn a great deal from both the trademark owner and the counterfeit manufacturer before instigating a lawsuit. Ultimately, requiring a consumer to sue probably would have the effect of merely forcing trademark owners to find an aggrieved consumer to be the plaintiff in a trademark suit against a counterfeit manufacturer.

Third, because trademark owners suffer so much more, they are much more likely to bring suit for trademark infringement than an affected consumer would be if consumers were authorized to do so. Certainly, if a consumer bought a BMW car that turned out to be a counterfeit, he would probably go to great lengths to get his money back. In those circumstances, giving consumers the sole right to sue would probably be sufficient to curtail counterfeiting. However, if a consumer bought a Duncan Yo-Yo that turned out to be counterfeit, the consumer probably would not sue.

Finally, even though consumers do not have standing to sue under trademark law, they might be able to sustain a cause of action under state law fraud statutes. Thus, it is unnecessary to have trademark law be the body of law under which consumers seek redress from counterfeit manufacturers. In contrast, some sort of trademark law probably is necessary in order for aggrieved trademark owners to have a plausible mechanism of recourse.

2. Infringement

a. Traditional Trademark Infringement

Trademark infringement analysis focuses on the likelihood of consumer confusion. Specifically, if the defendant's conduct is likely to cause confusion in the minds of consumers with respect to the source of the product, a court may find that the defendant has infringed the plaintiff's trademark.

Two sections of the Lanham Act codify the likelihood of confusion requirement with respect to the situation described in the above hypothetical. First, § 32 states that a defendant will be liable for trademark infringement if the defendant uses a mark in connection with the sale of goods or services that is likely to cause confusion with the plaintiff's registered trademark.³¹ When a

31. The section specifically states that:

(1) Any person who shall without the consent of the registrant—

(a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause

plaintiff alleges that a defendant has infringed the plaintiff's trademark, the court will evaluate the case under the standards set forth in § 32. Although § 32 does not explicitly define what "confusion" entails, because § 45 defines a trademark in terms of its source-identifying function, confusion must necessarily refer to confusion as to the source of the underlying goods.

Second, § 43(a)(1) is also relevant to the likelihood of confusion analysis, specifically with respect to the subset of protectable trademarks known as trade dress and product configurations. The subsection provides,

Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which – (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.³²

Thus, § 43(a)(1) prohibits the infringement of a plaintiff's trademarks, regardless of whether or not the mark is registered. In addition, this section explicitly extends protection beyond words or phrases to include what is known as the trade dress of products.

Although § 32 and § 43 protect different types of trademarks, both sections focus on the likelihood of consumer confusion. In *AMF, Inc. v. Sleekcraft Boats*,³³ the Ninth Circuit outlined the typical test that courts will apply in determining whether there is a likelihood of confusion. The factors to be considered include (1) strength of the mark; (2) proximity of the goods; (3) similarity of the marks; (4) evidence of actual confusion; (5) marketing channels used; (6) type of goods and the degree of care likely to be exercised

mistake, or to deceive; or

(b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy, or colorable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive,

...

shall be liable in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. § 1114(1) (2000).

32. 15 U.S.C. § 1125(a)(1) (2000).

33. 599 F.2d 341 (9th Cir. 1979).

by the purchaser; (7) defendant's intent in selecting the mark; and (8) likelihood of expansion of the product lines.³⁴ While evidence of actual confusion can certainly strengthen a plaintiff's position, it is not required for the plaintiff to prevail.³⁵

The underlying theory of trademark law³⁶ requires that the likelihood of confusion analysis be the focus of a trademark infringement suit where related goods are involved. In contrast, if the defendant is selling goods that are unrelated and dissimilar to the plaintiff's goods, likelihood of confusion can be much harder to prove because the plaintiff has to demonstrate that consumers are likely to assume that the plaintiff has started producing goods in an industry that is completely unrelated to the plaintiff's previously produced goods. In those situations, the plaintiff may have to rely on a dilution theory to prove trademark infringement.³⁷ However, if the goods produced by the defendant "compete for sales with those of the trademark owner, infringement usually will be found if the marks are sufficiently similar that confusion can be expected."³⁸ Consequently, in situations where the defendant has used the plaintiff's exact trademark to sell goods that are similar to goods that the plaintiff is selling, a court can probably infer a sufficient likelihood of confusion to hold that the defendant is infringing the plaintiff's mark.³⁹

Notably, if a mark on a product does not indicate that the product is coming from a particular source, the mark is not functioning as a trademark.⁴⁰ For example, if a newspaper prints a story and includes a third-party company's trademark in a graphic that accompanies the story, the third-party company's trademark is not functioning as a trademark. That is, the inclusion of the trademark does not cause consumers to believe that the company sponsors the newspaper or is the source of the newspaper. In contrast, if the newspaper substituted the logo of a competing newspaper on its banner, the competing logo would be functioning as a trademark, and the competing newspaper probably would succeed in a trademark infringement suit.

However, a company's trademark can perform its trademark functions even if consumers do not know the identity of the source of the underlying

34. See *id.* at 348-49.

35. See *Beer Nuts, Inc. v. Clover Club Foods Co.*, 805 F.2d 920, 928 (10th Cir. 1986).

36. See Part II.A, *supra*.

37. For a discussion of dilution, see Part II.B.2.b, *infra*.

38. *AMF*, 599 F.2d at 348.

39. In general, that includes the scenario outlined in the above hypothetical, but only to the extent that the sports logos are performing source-identifying functions.

40. See 1 MCCARTHY, *supra* note 2, § 3:1.

product.⁴¹ For example, consumers who see Ritz Crackers do not necessarily know that Nabisco produces Ritz Crackers. However, the Ritz Crackers logo is still performing a source-identifying function because consumers know that the logo means that the crackers come from a single source and can expect a certain quality level when the logo appears on a product. Thus, a mark functions as a trademark if the consumer knows that the underlying product comes from a single source, even if the consumer cannot identify specifically who the source is.

b. Infringement by Dilution

Unlike infringement under a likelihood of confusion theory, infringement under a dilution theory is an extremely recent development of federal trademark law.⁴² Under dilution, a plaintiff can sustain a cause of action against a defendant for trademark infringement, even if there is no likelihood of confusion as to source.⁴³ The statute defines "dilution" to mean "the lessening of the capacity of a famous mark to identify and distinguish goods or services, regardless of the presence or absence of – (1) competition between the owner of the famous mark and other parties, or (2) likelihood of confusion, mistake, or deception."⁴⁴ Thus, dilution is premised on the theory that the holder of a famous mark could be damaged if another person used the same or similar mark to sell completely unrelated goods or services. Notably, although dilution is a recent addition to the federal statute, it has existed at common law and in various state statutes for many years after being first outlined in Schechter's article in 1927.⁴⁵

The dilution theory of trademark infringement is controversial because it seems to push trademark law more towards a property rights based theory.⁴⁶ Although the ostensible reason for permitting a dilution claim is that the

41. This is known as the single-source rule. The premise is that consumers know that the given trademark is an assurance of a certain quality level, but consumers do not know who is ultimately responsible for ensuring that quality level. Numerous examples of such trademarks exist in modern society. For example, consumers who use 1-800-COLLECT to make collect phone calls do so because they perceive that they will save money. However, most consumers (at least when the phone number debuted) probably are not aware that MCI owns and operates the 1-800-COLLECT service. For a further discussion of the single-source rule, see 1 MCCARTHY, *supra* note 2, § 3:9.

42. The Federal Trademark Dilution Act of 1995 amended § 43 to add a trademark cause of action based on dilution. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C. § 1125 (2000)).

43. See *Mead Data Cent., Inc. v. Toyota Motor Sales U.S.A., Inc.*, 875 F.2d 1026, 1029 (2d Cir. 1989); see also 4 MCCARTHY, *supra* note 2, at § 24:70.

44. 15 U.S.C. § 1127 (2000).

45. See Schechter, *supra* note 10.

46. However, a full discussion of the merits of dilution is well beyond the scope of this article.

plaintiff's trademark could lose its distinctiveness and thus its source-identifying ability, dilution does not require a likelihood of confusion, and thus, ignores the consumer state of mind that is the focus of traditional trademark law.

While infringement based on a likelihood of confusion can be alleged by any holder of a valid trademark, dilution is only available to holders of truly famous marks,⁴⁷ though what constitutes a famous mark depends on the given court's interpretation of the statute. While the statute does not provide a definition of the term "famous mark," it suggests several criteria to consider.⁴⁸ Logos of professional sports teams probably would be considered famous under the suggested criteria.⁴⁹

Infringement via dilution is typically proven under one of two theories: (1) blurring, and (2) tarnishment. Under the blurring theory, the plaintiff's trademark loses some of its distinctiveness because of the defendant's use of the same or similar mark.⁵⁰ Unlike with the likelihood of confusion analysis, for a court to find for a plaintiff under dilution theory, the defendant and plaintiff can operate in completely different fields with no overlap of products.⁵¹ For example, if someone were to produce Kodak bicycles, the Kodak film company would probably be able to raise a trademark infringement claim based on a dilution theory.⁵²

Under the tarnishment theory, the plaintiff's goodwill is harmed because the defendant's conduct creates a link in the consumer's mind between the plaintiff's mark and goods of unsavory or shoddy quality.⁵³ Again, there is no requirement that the defendant and plaintiff operate in related fields or

47. See 15 U.S.C. § 1125(c)(1) (2000).

48. The non-exhaustive list of criteria includes:

(A) the degree of inherent or acquired distinctiveness of the mark; (B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used; (C) the duration and extent of advertising and publicity of the mark; (D) the geographical extent of the trading area in which the mark is used; (E) the channels of trade for the goods or services with which the mark is used; (F) the degree of recognition of the mark in the trading areas and channels of trade used by the marks' owner and the person against whom the injunction is sought; (G) the nature and extent of use of the same or similar marks by third parties; and (H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

15 U.S.C. § 1125(c)(1) (2000). With respect to the last criterion, from the legislative history, it is clear that a mark can be famous without being registered. See *MERGES ET AL.*, *supra* note 8, at 647.

49. In fact, assuming that the professional sports teams have registered their marks, all of the factors in the non-exhaustive list weigh heavily in favor of a finding of famousness.

50. See 4 MCCARTHY, *supra* note 2, § 24:68.

51. See *Mead Data*, 875 F.2d at 1031.

52. See *Eastman Photographic Materials Co. v. Kodak Cycle Co.*, 15 [British] R.P.C. 105 (1898).

53. See *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39, 43 (2d Cir. 1994).

manufacture related products.⁵⁴ For example, returning to Kodak, a court enjoined a stand-up comedian from using “Kodak” as his stage name because the comedian’s crude jokes impaired Kodak’s reputation and thus constituted tarnishment.⁵⁵

3. Defenses

An accused infringer has numerous defenses that it may invoke.⁵⁶ For instance, if the plaintiff has failed to adequately police the use of its trademark, the defendant may claim that the plaintiff has abandoned its trademark.⁵⁷ A court may find that a defendant has abandoned its trademark even if the defendant registered the trademark with the Patent and Trademark Office.

In the context of licensing arrangements, a court may deem that a plaintiff has abandoned its trademark if it fails to exercise a sufficient level of control over the licensee.⁵⁸ The Lanham Act provides that supervised licensing is permissible and will not render a trademark abandoned while “naked licensing” will constitute abandonment.⁵⁹ As long as a trademark owner exerts some control over the use of his trademark in these licensing agreements, a court probably would find that the mark has not been abandoned.⁶⁰

Trademarks that involve product designs or configurations fall under the subset of trademark law known as trade dress.⁶¹ Trade dress law recognizes a unique defense known as functionality.⁶² Under the doctrine, a trademark owner cannot obtain trademark protection based on the functional aspects of

54. *See id.*

55. *See Eastman Kodak Co. v. Rakow*, 739 F. Supp. 116 (W.D.N.Y. 1989).

56. Abandonment, fair use, and functionality are described in detail here. Accused infringers have successfully invoked other defenses including laches, estoppel, parody, genericide, and unclean hands. Defendants have also succeeded by alleging antitrust violations on the part of the trademark owner. For a thorough discussion of these defenses, see PATTISHALL ET AL., *supra* note 3, at 105-31, 242-71.

57. 15 U.S.C. § 1127 (2000).

58. *See Dawn Donut Co. v. Hart’s Food Stores, Inc.*, 267 F.2d 358, 366 (2d Cir. 1959).

59. *See id.* at 367; *see also* 15 U.S.C. §§ 1055, 1127 (2000).

60. It is relatively easy to escape this section of the Lanham Act. For a discussion of what constitutes a naked license agreement, see *First Interstate Bancorp v. Stenquist*, 1990 U.S. Dist. LEXIS 19426, at *6-8 (N.D. Cal. July 13, 1990). Consequently, sports team logo owners have probably not abandoned their marks by virtue of their licensing arrangements.

61. For a primer on trade dress law, see 1 MCCARTHY, *supra* note 2, § 7:54.

62. For an extensive summary of the uneven application of the doctrines of functionality and aesthetic functionality under federal trademark law, *see* Colleen R. Courtade, *Application of Functionality Doctrine Under § 43(a) of Lanham Act* (15 U.S.C.S. § 1125(a)), 78 A.L.R. Fed. 712.

the trademark.⁶³ Functional aspects are those features of the trade dress that are necessary for another company to compete with the trademark owner.⁶⁴ For instance, in *Stormy Clime Ltd. v. ProGroup, Inc.*,⁶⁵ the court outlined the test for whether a feature is functional.⁶⁶ Specifically, the court explained that just because a feature is an important ingredient in the commercial success of the product does not render the feature functional.⁶⁷ Rather, the feature must be essential to the purpose of the product to be considered functional.⁶⁸ Thus, in *Stormy Clime*, although the Second Circuit remanded the case on the issue of functionality, the question was whether shingles and vents, high-sheen material, and a hood were functional features of a rain jacket.⁶⁹ Consequently, on remand, the district court needed to consider whether each of these features was essential to the purpose of the rain jacket.

The underlying theory of the functionality defense is that a trademark holder should not be granted protection for features that could receive protection under other areas of intellectual property law, specifically patent law.⁷⁰ If a trademark owner could gain protection under trademark laws for functional features, the trademark owner would be usurping the patent laws to obtain a monopoly with no temporal restrictions. Under patent law, inventions fall into the public domain after twenty years at most.⁷¹ Thus, without the functionality defense, functional features of a trademark potentially would never fall into the public domain and society would be denied the benefits that the patent laws are designed to ensure.⁷²

Related to the functionality defense to trademark infringement is the much slipperier defense of aesthetic functionality.⁷³ Aesthetic functionality embodies the concept that a feature or design is desirable simply because of its aesthetic appeal.⁷⁴ Such a feature or design is not essential in a functional way. However, the public purchases the product primarily based on the aesthetic appeal of that design. For example, courts have determined that

63. See *Stormy Clime, Ltd. v. ProGroup, Inc.*, 809 F.2d 971, 974 (2d Cir. 1987).

64. See *id.* at 976-77.

65. 809 F.2d 971 (2d Cir. 1987).

66. *Id.* at 977.

67. *Id.*

68. See *id.*

69. *Id.* at 976.

70. 1 MCCARTHY, *supra* note 2, § 7:64.

71. See *MERGES ET AL.*, *supra* note 8, at 114.

72. See *generally id.* at 690-94.

73. See *id.* at 677.

74. *Id.*

patterns on silverware,⁷⁵ luggage fabric patterns,⁷⁶ and tractor colors⁷⁷ are all aesthetically functional because the features do not make the underlying products function better, but they would provide a competitive advantage if one party had a monopoly over the features. Under the *Restatement (Third) of Unfair Competition*, “aesthetic functionality” is defined as follows:

A design is functional because of its aesthetic value only if it confers a significant benefit that cannot be practically duplicated by the use of alternative designs. Because of the difficulties inherent in evaluating the aesthetic superiority of a particular design, a finding of aesthetic functionality ordinarily will be made only when objective evidence indicates a lack of adequate alternative designs. Such evidence typically is available only when the range of [adequate] alternative designs is limited either by the nature of the design feature or by the basis of its aesthetic appeal. The ultimate test of aesthetic functionality, as with utilitarian functionality [designs], is whether the recognition of trademark rights would significantly hinder competition.⁷⁸

As with the standard functionality defense, the test focuses on the effects on competition. That is, the question focuses on whether the defendant could use an alternative design and still compete with the plaintiff for sales.

The underlying rationales for permitting a defense of aesthetic functionality are controversial. On the one hand, unlike standard functionality, features that are considered aesthetically functional probably cannot receive patent protection, and as such, plaintiffs have no other mechanism to protect their creative designs other than through trademark law. On the other hand, there is no compelling reason to let trademark owners have a monopoly over some design feature that adds nothing of value to the product.

Although the merits of aesthetic functionality are debatable, the defense remains viable for accused infringers. Because purchasers of team merchandise probably would strongly prefer the actual logo of their favorite team to appear on the merchandise rather than merely the team name or some unauthorized logo, such official logos properly fit under the definition of aesthetically functional features.

75. See *Wallace Int'l Silversmiths, Inc. v. Godinger Silver Art Co.*, 916 F.2d 76 (2d Cir. 1990).

76. See *Vuitton et Fils S.A. v. J. Young Enters., Inc.*, 644 F.2d 769 (9th Cir. 1981).

77. See *Deere & Co. v. MTD Prods., Inc.*, 41 F.3d 39 (2d Cir. 1994).

78. RESTATEMENT (THIRD) OF UNFAIR COMPETITION § 17 (1995).

III. DISCUSSION

A. Applying Trademark Law to Counterfeit Logo Manufacturers

1. Prohibition on Counterfeiting Under the Consumer-Protection Theory of Trademark Law

For a given trademark to function properly, the trademark holder must take efforts to keep the trademark from being counterfeited. Early trademark law cases “reflect[ed] an awareness of the need to provide a legal remedy against counterfeiting.”⁷⁹ In most counterfeiting situations, the defendant has attempted to “palm off” his products as that of the rightful trademark owner. A manufacturer is liable for palming off a trademark owner’s legitimate trademark when the palming off results in consumer confusion.⁸⁰ Thus, the counterfeit manufacturer attempts to trade on the goodwill that consumers have come to associate with the trademark.

However, the desire to prevent counterfeiting does not stem from concern for the moneymaking abilities of the trademark owner. Rather, trademark law has always sought to prevent counterfeiting because of the effect on consumers.⁸¹ Specifically, if a counterfeiter makes a poor quality product and attaches to his product a trademark that signifies high quality, consumers will purchase the “counterfeit goods” on the basis of the trademark. Eventually, the goodwill associated with that trademark will deteriorate. As a result, consumers will not be able to rely on the trademark to provide information concerning the quality of a product. Consequently, if counterfeiting were not prohibited, the primary function of trademarks would be significantly hampered.

Notably, trademarks do not provide perfect information. For instance, a company that has produced high quality goods for many generations may suddenly begin to produce low quality goods. The drop-off in quality may result from any number of events, including a change in ownership, a switch in manufacturing processes, or the implementation of cost-cutting mechanisms. Initially, consumers purchase goods with the trademark because the trademark has traditionally indicated that the associated goods are of high quality. However, if future goods do not live up to that quality level, the trademark owner’s goodwill rightly deteriorates, and consumers assume that future goods

79. See MERGES ET AL., *supra* note 8, at 529.

80. See *Sands, Taylor & Wood Co. v. Quaker Oats Co.*, 978 F.2d 947, 961 (7th Cir. 1992).

81. See Part II.A, *supra*.

will be of a similar lesser quality. Eventually, consumer perception of quality and actual quality correlate, at least until the next shift in quality.

Critics of the consumer confusion requirement of trademark law might argue that the imperfect information provided by trademarks implies that a cause of action against counterfeiters should not require a showing of a likelihood of consumer confusion. In other words, these critics would claim that consumers would not necessarily have an accurate perception of the quality associated with a given trademark because of the imperfect nature of the information provided by trademarks. However, this criticism is unpersuasive for two reasons: (1) the information is imperfect only for short periods of time following relatively infrequent changes in the quality level of the underlying goods; and (2) the existence of a disparity between consumer perceptions and actual quality levels could be for legitimate reasons, and therefore, does not obviate the need for trademark owners to show a likelihood of consumer confusion.

2. The *Boston Professional Hockey* Decision

In *Boston Professional Hockey Ass'n, Inc. v. Dallas Cap & Emblem Manufacturing, Inc.*,⁸² the Fifth Circuit considered the precise question of whether a sports team can claim trademark protection on merchandise that features the logo of the sports team.⁸³ In *Boston Professional Hockey*, the National Hockey League (NHL) and thirteen teams brought suit against Dallas Cap & Emblem Manufacturing, Inc. after the defendant sold emblems representing the various teams to sporting goods stores without authorization from the league or any of the teams.⁸⁴ Notably, prior to selling the emblems, the defendant attempted to enter into a license agreement with the NHL to be an authorized distributor of such emblems.⁸⁵ However, the negotiations were unsuccessful, and the defendant proceeded to sell the emblems without authorization.⁸⁶

While the district court found for the league and the teams under an unfair competition claim, the court denied the Lanham Act federal trademark

82. 510 F.2d 1004 (5th Cir. 1975).

83. Notably, other courts have considered this issue. However, *Boston Professional Hockey* was the first decision of record on this issue, and other courts have tended to analyze the issue similarly. For further details on other related cases, see Avi Friedman, *Protection of Sports Trademarks*, 15 LOY. L.A. ENT. L. REV. 689 (1995).

84. See *Boston Prof'l Hockey*, 510 F.2d at 1009.

85. See *id.*

86. See *id.*

infringement claim.⁸⁷ Moreover, the court granted only injunctive relief as it refused the plaintiffs' requests for damages.⁸⁸ Consequently, the league and the teams appealed.⁸⁹

On appeal, the Fifth Circuit reversed and held that the defendant was liable under an infringement claim (15 U.S.C. § 1114)⁹⁰ and a false designation of origin claim (15 U.S.C. § 1125).⁹¹ Additionally, the court affirmed the district court's finding for the plaintiffs on the unfair competition claim.⁹² In finding for the plaintiffs, the court noted three underlying justifications for its decision:

First, the major commercial value of the emblems is derived from the efforts of plaintiffs. Second, defendant sought and ostensibly would have asserted, if obtained, an exclusive right to make and sell the emblems. Third, the sale of a reproduction of the trademark itself on an emblem is an accepted use of such team symbols in connection with the type of activity in which the business of professional sports is engaged.⁹³

As to the specifics of the § 1114 claim, the court first outlined the requirements for a cause of action under the section:

A cause of action for the infringement of a registered mark in violation of 15 U.S.C.A. § 1114 exists where a person uses (1) any reproduction, counterfeit, copy or colorable imitation of a mark; (2) without the registrant's consent; (3) in commerce; (4) in connection with the sale, offering for sale, distribution, or advertising of any goods; (5) where such use is likely to cause confusion, or to cause mistake or to deceive.⁹⁴

According to the court, the potentially problematic elements are the fourth and fifth ones. As to the fourth element, the court found that selling the trademark itself satisfied that element.⁹⁵ In terms of the fifth element, the court focused on the fact that the Lanham Act "was amended to eliminate the

87. *See id.* at 1008.

88. *See id.* at 1004.

89. *Boston Prof'l Hockey*, 510 F.2d at 1012..

90. *Id.* at 1012-13.

91. *Id.* at 1013.

92. *Id.*

93. *Id.* at 1011.

94. *Boston Prof'l Hockey*, 510 F.2d at 1009-10.

95. *Id.* at 1011-12.

source of origin as being the only focal point of confusion.”⁹⁶ According to the court, the likelihood of confusion requirement was satisfied because potential purchasers of merchandise with the unauthorized emblems would identify the emblems as being the teams’ trademarks.⁹⁷ Thus, “[t]he certain knowledge of the buyer that the source and origin of the trademark symbols were in plaintiffs satisfies the requirement of the act.”⁹⁸

With respect to the “false designation of origin” claim, the court noted that 15 U.S.C. § 1125 “is broadly worded and proscribes not only ‘a false designation of origin’ but also the use of ‘any false description or representation, including words or other symbols tending falsely to describe or represent . . . goods or services’ in commerce.”⁹⁹ Implicit in the decision is the court’s reading of this section of the Lanham Act to cover not only trademarks used in the traditional way to identify the source of the product but also use of marks in other ways that have no relation to the identification of the source of the product on which the mark appears. In deciding the “false designation of origin” claim, the court relied on the “likelihood of confusion” finding under § 1114. Again, because “the consuming public had the certain knowledge that the source and origin of the trademark symbol was in the . . . team, the reproduction of [the team’s] symbol by defendant constituted a violation of § 1125.”¹⁰⁰

Dallas Cap raised an aesthetic functionality defense, but the Fifth Circuit court rejected it.¹⁰¹ Specifically, the court found the aesthetic functionality defense inapplicable because the emblems lacked any appealing characteristics

96. *Id.* at 1012. The court provides no support for this contention. Although 15 U.S.C. § 1114 was amended in 1962 to remove the phrase “as to the source of origin of such goods or services,” it was done for two reasons: (1) to make it clear that the same test that is used for determining registrability was to be used for infringement questions; and (2) to recognize that consumers can be confused even if they do not know who the underlying source is. See *Hearings on H.R. 9041 Before the Subcomm. on Trademarks of the House Comm. on Patents*, 75th Cong. 45 (1938), quoted in GILSON, *supra* note 18, at pt. III-32, § 1114. In *Syntex Laboratories, Inc. v. Norwich Pharmacal Co.*, 437 F.2d 566, 568 (2d Cir. 1971), the Second Circuit explained that the amendment allows causes of action where the consumer is confused between two products but not as to the source of the products. This reading of the amendment comports with trademark law’s consistent focus on consumers being able to use a trademark to know something about the underlying product. In contrast, adopting the *Boston Professional Hockey* court’s analysis would convert trademark law into a full-fledged general law of unfair competition. However, that is not what the Lanham Act is or should be. See Part II.A, *supra*.

97. *Boston Prof’l Hockey*, 510 F.2d at 1012.

98. *Id.*

99. *Id.* at 1010.

100. *Id.* at 1012-13.

101. *Id.* at 1013.

other than the trademarks themselves.¹⁰² Thus, the court distinguished the situation here from the situation in *Pagliero v. Wallace China Co.*,¹⁰³ where the Ninth Circuit rejected an unfair competition claim under the theory that the designs on chinaware were functional because the aesthetic appeal of the designs aided in the selling of the china.¹⁰⁴ Here, according to the court, the aesthetic appeal was based on the trademark nature of the sports team logo, and as such, the defendant could not invoke the functionality defense.¹⁰⁵

3. The Boston Professional Hockey Court Misapplied Federal Trademark Law.

The Fifth Circuit erred in two ways in its analysis of the defendant's conduct in *Boston Professional Hockey*. First, the court failed to recognize the rational basis of trademark law as a consumer-protection statute, and thus, mishandled the likelihood of confusion analysis. Second, the court's analysis of the doctrine of aesthetic functionality was overly simplistic, and as a consequence, the court did not give appropriate consideration to the defense.

a. Likelihood of Confusion Analysis

At first glance, the court's likelihood of confusion analysis appears correct. The facts indicate that the defendant knowingly copied the plaintiffs' trademarked logos to try to make a profit off of the sale of the logos. Moreover, the defendant engaged in its actions after failed attempts to negotiate the right to act in the precise way that it did. However, upon closer inspection of the defendant's behavior, it is apparent that there is not the likelihood of confusion as to source as is required for the Lanham Act to apply. Specifically, the Lanham Act should not apply to situations such as the one described in *Boston Professional Hockey* because the counterfeit logo is not being used to provide consumers with assurance as to the quality of the underlying products.

To the court's credit, it did realize that the situation in this case was different than prior trademark infringement suits. Specifically, the court noted that "[t]he confusion question here is conceptually difficult. It can be said that the public buyer *knew* that the emblems portrayed the teams' symbols. Thus, it can be argued, the buyer is not confused or deceived."¹⁰⁶ Ultimately, the court rejected this reasoning and held that "[t]he confusion or deceit

102. *Boston Prof'l Hockey*, 510 F.2d at 1013.

103. 198 F.2d 339 (9th Cir. 1952).

104. *Boston Prof'l Hockey*, 510 F.2d at 1013.

105. *Id.*

106. *Id.* at 1012.

requirement is met by the fact that the defendant duplicated the protected trademarks and sold them to the public knowing that the public would identify them as being the teams' trademarks."¹⁰⁷

Again, the court's conclusion has some appeal. If a customer walked into a sporting goods store, as in the hypothetical presented in the Introduction, a customer who saw merchandise that featured the defendant's version of a team's emblem would identify that emblem as being affiliated with the team. In fact, if customers thought that the emblem was a replica and could determine that the emblem was different than the trademarked emblem, customers might forego purchasing the product with the copied emblem. Consequently, in a sense, customers would be confused.

Although this is the end of the analysis for the court, there is more to the issue. Specifically, the situations in *Boston Professional Hockey* and in the above hypothetical are not the precise types of situations that trademark law seeks to enjoin. Trademark protection exists principally for the benefit of the consumer, not for the benefit of the trademark owner.¹⁰⁸ While the trademark owner certainly derives many benefits by building up goodwill that becomes associated with the trademark in the minds of consumers, these benefits are secondary in terms of the goals of trademark law.

Thus, the question becomes whether Dallas Cap and other manufacturers of unauthorized sports logos have misappropriated the goodwill of professional sports teams. There are several reasons why such alleged defendants should not be liable for trademark infringement.

First, the emblem suggests nothing about the quality of the underlying product. Professional sports teams license their logos for use on products of varying quality levels. For instance, with baseball caps, a customer can purchase a cheap, adjustable mesh cap or a fitted, wool cap. The caps have two things in common: they feature the team logo, and the team has licensed both caps. However, that is where the similarities end as the wool cap is of a much higher quality than the mesh cap.

Second, although the emblem includes a trademark, it is not functioning in a typical trademark way, at least in the minds of consumers. Consumers see the trademark and in consumers' minds, the trademark does not correlate with a certain quality level. Rather, consumers who choose to purchase goods that feature the trademark do so because of the trademark itself. That is, consumers want a piece of apparel with the trademark because of the message the trademark conveys to the public as opposed to the quality level suggested

107. *Id.*

108. See Part II.A, *supra*.

by the trademark. Thus, the situation in *Boston Professional Hockey* can be distinguished from situations involving the use of a logo in the trademark sense. For example, if a manufacturer of baseball equipment were to produce baseball gloves with a counterfeit "Rawlings" logo, Rawlings would properly have a claim of trademark infringement because consumers purchase the Rawlings glove because Rawlings is known to make quality equipment.

Third, because the trademark does not signify a certain quality level, the trademark does not serve the typical function of reducing research costs for consumers. Because there are products of many different quality levels that feature the trademark, consumers will still have to "read the label" to try to determine whether a given product is made well.

The court in *Boston Professional Hockey* suggests that manufacturers such as Dallas Cap should be enjoined because the trademark implies that the underlying product has been in the control of the league or the team.¹⁰⁹ Certainly, it is possible that in some consumers' minds, there may be a perception of sponsorship. However, there is no evidence that consumers' decisions are influenced by the sponsorship or lack thereof. Even if customers assume that merchandise is officially licensed, there is nothing to indicate that customers assume that there is a certain quality level that is assured by the sponsorship. In addition, because the presence or absence of sponsorship does not suggest anything about the quality of the underlying product, the sponsorship is not relevant for the purposes of trademark law.

Finally, as discussed above, trademark law exists for the benefit of consumers.¹¹⁰ Trademark law spills into the tort of misappropriation of goodwill only to the extent that an infringer deceives consumers to their detriment. Here, while there is arguably deception of consumers, it is not the type of deception that trademark law seeks to prevent. Moreover, the infringer is not "destroying the buyer's opportunity to judge fairly between rival commodities by introducing . . . factors . . . which are capable of misinforming as to the true qualities of the competitive products" as was discussed in *Gold Seal Co. v. Weeks*.¹¹¹

As the preceding discussion alludes to, a major problem with the court's decision is that the defendant's behavior in *Boston Professional Hockey* did not result in consumers associating lesser quality with the plaintiffs' trademarks. Thus, a seemingly analogous issue would be presented if a soft drink manufacturer produced a soft drink of the same quality level and taste as Coca-Cola and attached a counterfeit Coca-Cola logo to his cans of soda.

109. *Boston Prof'l Hockey*, 510 F.2d at 1012.

110. See Part II.B, *supra*.

111. 129 F. Supp. 928, 940 (D.D.C. 1955).

However, a court would not be wrong to find such a counterfeit manufacturer guilty of trademark infringement.

From the perspective of the sports leagues and Coca-Cola, the apparel manufacturers in *Boston Professional Hockey* and the soda producers in the Coca-Cola hypothetical have acted identically. However, from the perspective of consumers, the apparel manufacturers are very different from the counterfeit Coca-Cola producers, and it is this difference in consumer perceptions that is key. Specifically, purchasers of the sports merchandise buy the merchandise for the logo and do not necessarily consider the quality of the underlying goods. Moreover, even if they do consider whether the underlying goods are of a decent quality, the logo does nothing to indicate what that quality level is.

In contrast, purchasers of Coca-Cola rely on the trademark to indicate that the underlying product is of a certain quality level. The fact that the counterfeit soda is of the same quality is of little relevance. The reason for this is that under trademark law, consumers know that a trademark indicates a single source for the underlying goods. Again, what makes the counterfeit Coca-Cola manufacturer's behavior unacceptable from a trademark law perspective is that the trademark is being used as a source identifier. With sports logos, consumers do not purchase the underlying merchandise based on the trademark connotations of the logo; rather, they purchase the underlying apparel so that they can have a piece of merchandise that features the desired logo.

Furthermore, a sports team should not be able to sustain a trademark action based on "post-sale confusion." Post-sale confusion concerns what non-purchasing consumers think when they see other consumers wearing merchandise that features counterfeit logos.¹¹² Even if the purchasing consumers understand that the merchandise is counterfeit, these non-purchasing consumers would not be aware. For example, if a customer went to a street vendor and purchased a Louis Vuitton imitation handbag that cannot be easily distinguished from genuine Louis Vuitton products, non-purchasing consumers on the street would probably assume that the imitation bag was actually produced by Louis Vuitton. If the handbag then quickly deteriorated, although the purchaser would not have a negative association with Louis Vuitton, these non-purchasing consumers who see the shoddily made product

112. Post-sale confusion is a somewhat controversial doctrine because it does not involve the actual purchasing consumers. As a result, the harm is much less clear. The details and merits of the doctrine are beyond the scope of this Note. However, for a more extensive discussion of the doctrine, see, e.g., David M. Tichane, *The Maturing Trademark Doctrine of Post-Sales Confusion*, 85 TRADEMARK REP. 399 (1995).

might then incorrectly associate Louis Vuitton with poor quality products. In such a scenario, Louis Vuitton might be able to claim trademark infringement based on this post-sale confusion.¹¹³

Although post-sale confusion might assist Louis Vuitton and similarly situated trademark owners, it would not help sports team trademark owners. Specifically, even if the counterfeit sports logo products fell apart, the trademark still would not be serving as a source indicator. In addition, the logo would not be performing a quality assurance function. Finally, while it is reasonable to assume that non-purchasing consumers would have a negative association with Louis Vuitton in the scenario outlined above, there is nothing to indicate that non-purchasing consumers would negatively associate sports team trademarks with poor quality in the situation described in *Boston Professional Hockey*.

b. Aesthetic Functionality

Although *Boston Professional Hockey* was decided by the Fifth Circuit, the court focused its analysis with respect to aesthetic functionality on *Pagliero v. Wallace China Co.*,¹¹⁴ a Ninth Circuit decision. In *Boston Professional Hockey*, the court distinguished the situation in *Pagliero* from the case at bar and held that Dallas Cap could not avail itself of the aesthetic functionality defense.¹¹⁵ Therefore, it is worth considering first whether the court's decision comports with the Ninth Circuit's test for aesthetic functionality.

In *Pagliero*, admittedly, the situation was different. Specifically, the defendant in *Pagliero* had duplicated the design characteristics of the china that the plaintiff was attempting to sell.¹¹⁶ Thus, the defendant had not copied a trademarked logo. Rather, the defendant had copied design characteristics for which the plaintiff claimed protection.¹¹⁷ The court outlined the test for aesthetic functionality as follows:

But, where the features are "functional" there is normally no right to

113. See 3 MCCARTHY, *supra* note 2, § 23:7. Moreover, the Seventh Circuit found that a retailer of counterfeit Louis Vuitton and Gucci merchandise was liable for trademark infringement without ever considering the question of post-sale confusion. See *Louis Vuitton S.A. v. Lee*, 875 F.2d 564 (7th Cir. 1989). However, that case differs from the Louis Vuitton hypothetical presented here in that the defendants in that case were attempting to pass off the counterfeit merchandise as genuine Louis Vuitton and Gucci products.

114. 198 F.2d 339 (9th Cir. 1952).

115. *Boston Prof'l Hockey*, 510 F.2d at 1013.

116. *Pagliero*, 198 F.2d at 342.

117. *Id.*

relief. "Functional" in this sense might be said to connote other than a trade-mark purpose. If the particular feature is an important ingredient in the commercial success of the product, the interest in free competition permits its imitation in the absence of a patent or copyright. On the other hand, where the feature or, more aptly, design, is a mere arbitrary embellishment, a form of dress for the goods primarily adopted for purposes of identification and individuality and, hence, unrelated to basic consumer demands in connection with the product, imitation may be forbidden. . . .¹¹⁸

Because the court determined that the design was an important element in the selling of the china, the court held that the design features were functional and, therefore, not protectable under trademark law.¹¹⁹

The court in *Boston Professional Hockey* noted that "[t]he attractiveness and eye-appeal of the design sells the china," not the trademark character of the designs."¹²⁰ Thus, the court implicitly distinguished the two cases based on the fact that the logos operated as trademarks apart from their inclusion on merchandise.

However, the language of *Pagliero* does not support the distinction made by the court in *Boston Professional Hockey*. Just as in *Pagliero*, the designs in *Boston Professional Hockey* were "not merely indicia of source."¹²¹ While the counterfeit logos used by Dallas Cap may be trademarks, they do not function as trademarks when used on merchandise. Moreover, it is precisely the inclusion of the logos that causes consumers to want to purchase the underlying merchandise. Thus, under the language of *Pagliero*, granting trademark protection in such circumstances thwarts open competition and the success of the free market.

Even if the court was correct in rejecting Dallas Cap's aesthetic functionality defense, trademark law has evolved over the quarter century since Dallas Cap was decided such that the defense is now more defined. In fact, in *Qualitex Co. v. Jacobson Products Co.*,¹²² the Supreme Court discussed the defense in an important trademark case that was decided in 1995.

One of the arguments that the Court considered was whether a defendant

118. *Id.* at 343 (citations omitted).

119. *Id.*

120. *Boston Prof'l Hockey*, 510 F.2d at 1013 (quoting *Pagliero*, 198 F.2d at 343-44) (citations omitted).

121. *Pagliero*, 198 F.2d at 344.

122. 514 U.S. 159 (1995).

could claim that a color is functional and therefore not subject to protection.¹²³ In the most telling quote regarding functionality from the decision, the Court stated that "[t]he functionality doctrine thus protects competitors against a disadvantage (unrelated to recognition or reputation) that trademark protection might otherwise impose, namely, their inability reasonably to replicate important non-reputation-related product features."¹²⁴ In addition, the Court cited the *Restatement (Third) of Unfair Competition* for the proposition that "if a design's 'aesthetic value' lies in its ability to 'confer a significant benefit that cannot practically be duplicated by the use of alternative designs,' then the design is 'functional.'" ¹²⁵For example, this Court has written that competitors might be free to copy the color of a medical pill where that color serves to identify the kind of medication (e.g., a type of blood medicine) in addition to its source."¹²⁶ Thus, aesthetic functionality protects a counterfeit user if the user is not using the mark in a source-identifying manner or as an indicia of a certain quality level.

The Supreme Court's dicta notwithstanding, the question is whether it makes sense to permit defendants such as Dallas Cap to invoke the aesthetic functionality defense. Allowing the defense in such circumstances may not comport with notions of fair play because it enables defendants such as Dallas Cap to take advantage of the work the professional sports teams have undertaken to make the teams and the associated merchandise popular. Thus, defendants such as Dallas Cap can free-ride on sports teams by letting the teams invest money developing and publicizing their names and logos and then step in and sell competing, counterfeit merchandise. However, such behavior is not trademark law's concern. As discussed above, trademark law protects marks to the extent that they identify the manufacturers of the underlying products and connote a certain quality level. Functionality exists as a defense so that trademark owners cannot gain a competitive advantage based on the functional features of their trademarks.¹²⁷

Without an aesthetic functionality defense, there would be (is) a single manufacturer of merchandise featuring logos of professional sports teams, resulting in a marketplace without competitive balance.¹²⁸ In those

123. *Qualitex*, 514 U.S. at 168-69.

124. *Id.* at 169.

125. *Id.* at 170.

126. *Id.* at 169.

127. See 1 MCCARTHY, *supra* note 2, § 7:63.

128. The purpose of the discussion here is to explain how the aesthetic functionality defense may limit monopolistic behavior. Sports, in general, present many complicated antitrust issues. For example, typically, there is only one manufacturer of professional baseball in a given city. However, to determine whether the baseball team has a monopoly involves determining what the relevant

circumstances, the trademark owners can set prices much higher without affecting demand significantly because rabid fans of a given team will still want the merchandise featuring the team logo. The effect can be seen in the related area of concert memorabilia. If you go to a rock concert, there may be "bootleg" merchandise that is legally available for purchase outside the stadium. However, inside the stadium, the promoter has a monopoly on the officially licensed merchandise. As such, the promoter can charge twenty dollars for a tee shirt that would probably sell for ten dollars in a truly competitive market.

*B. Federal Dilution Law Does Not Provide a Bar to Counterfeit Logo Manufacturers.*¹²⁹

Twenty-one years after *Boston Professional Hockey* was decided, Congress amended the Lanham Act to provide for a trademark cause of action under the theory of dilution.¹³⁰ Consequently, it is worth considering whether professional sports teams could sustain a trademark cause of action based on dilution. As discussed in Part II.B.2.b, dilution typically occurs when the defendant's actions either blur or tarnish the trademark owner's mark. Here, because there are no negative connotations to the consumer as a result of the counterfeit logo manufacturers' actions, tarnishment is inapplicable.

Additionally, dilution as a result of blurring ultimately does not apply either, but it is necessary to explore the theory more to explain why. In *Mead Data Central, Inc. v. Toyota Motor Sales, U.S.A., Inc.*,¹³¹ the Second Circuit entered into an extensive discussion regarding dilution. Although *Mead Data Central* was decided under New York's anti-dilution statute and was prior to the enactment of the federal statute, the Second Circuit's dilution analysis is pertinent.

Mead Data Central was a dispute where the owners of the trademark for LEXIS, the online legal research service, claimed that the LEXIS trademark was diluted by Toyota's use of LEXUS to signify its line of luxury cars.¹³²

market is. For example, the relevant market may be just baseball, all sports, or all recreational activities. Furthermore, the geographic region of the relevant market would have to be determined. The relationship between antitrust and sports is beyond the scope of this paper.

129. Many states have dilution laws. For an analysis of how the California dilution law would apply to situations involving sports logos, see Friedman, *supra* note 84, at 704-11. Notably, Friedman's Comment predated the passage of the Federal Trademark Dilution Act and does not analyze the applicability of federal dilution law to such scenarios.

130. Federal Trademark Dilution Act of 1995, Pub. L. No. 104-98, 109 Stat. 985 (codified as amended at 15 U.S.C. § 1125 (2000)).

131. 875 F.2d 1026 (2d Cir. 1989).

132. *Mead Data*, 875 F.2d at 1026.

The court found that there was no dilution by blurring because LEXIS lacked the necessary distinctive quality in the minds of the general public.¹³³ Thus, the court noted that the dilution cause of action exists to prevent "the whittling away of an established trademark's selling power and value through its unauthorized use by others upon dissimilar products."¹³⁴ As such, dilution extends protection to trademark owners into areas where such owners could not claim a likelihood of confusion. Thus, on its face, dilution by blurring would seem inapplicable to situations where a manufacturer has created counterfeit sports logos because the counterfeit logo merchandiser and the trademark owner are using the logo on related products.

In addition, the underlying theory of the federal dilution statute is to ensure that the owner of a famous trademark can maintain the distinctiveness of that trademark.¹³⁵ As with traditional trademark infringement, distinctiveness refers to the ability of the mark to perform its trademark function, that is, to identify the source of the product on which the mark appears. Again, because sports logos on merchandise do not suggest anything about the quality of the merchandise and do not connote a single source in the minds of consumers, manufacturers of counterfeit logos do not affect the distinctiveness of the trademarked logos.

The inapplicability of dilution to the situations discussed in the hypothetical and in *Boston Professional Hockey* raises the question of whether a trademark-owning sports team could raise a dilution claim if it did not produce any merchandise with its logo affixed. Under such circumstances, at first glance, a counterfeit logo manufacturer such as Dallas Cap might be liable based on a dilution by blurring theory. This would seem to be an odd result: A team could only win a trademark infringement suit unless it was not producing competing products. However, this result would not come about because the logo would still not be performing a source-identifying function in the latter scenario. That is, in the scenario in which the team does not produce merchandise with the logo affixed, the counterfeit manufacturer's goods do not change: they still have the logo, but the logo is not being used to identify source or quality in the minds of consumers.

133. *Id.* at 1031-32.

134. *Id.* at 1031.

135. See GILSON, *supra* note 18, § 5.12[1][a].

*C. Solutions***1. State Law Unfair Competition May Apply to Counterfeit Logo Manufacturers in Some Circumstances**

Assuming that a rightful trademark owner cannot sustain a cause of action under federal trademark law, the trademark owner is still protected from counterfeit logo manufacturers, specifically by state unfair competition laws. As an initial matter, although a couple of early cases held that Congress preempted states from applying laws to the entire field of trademarks,¹³⁶ those cases are not considered to be a valid interpretation of the preemption doctrine with respect to trademark law.¹³⁷ In fact, explicit references in the Lanham Act indicate that Congress contemplated an ongoing body of state law on the subject.¹³⁸ Regardless, even if Congress intended to preempt state trademark laws, that would not preclude states from enforcing unfair competition laws that are consistent with the Lanham Act.

In the area of unfair competition, most states have enacted some form of the Unfair Trade Practices and Consumer Protection Law, which was originally promulgated by the FTC in 1967.¹³⁹ The state implementations vary from the broadly worded prohibitions against unfair and deceptive practices as in New York¹⁴⁰ and Florida¹⁴¹ to the precise language of the Texas statute that enumerates specifically prohibited types of conduct.¹⁴²

136. See *Sargent & Co. v. Welco Feed Mfg. Co.*, 195 F.2d 929 (8th Cir. 1952); *Time, Inc. v. T.I.M.E. Inc.*, 123 F. Supp. 446 (S.D. Cal. 1954).

137. See *MERGES ET AL.*, *supra* note 8, at 825.

138. *Id.* (citing 15 U.S.C. §§ 1065, 1115(b)(5) (2000)).

139. See *PATTISHALL ET AL.*, *supra* note 3, at 540-41.

140. The New York statute provides: "Deceptive acts or practices in the conduct of any business, trade, or commerce . . . are hereby declared unlawful." N.Y. GEN. BUS. LAW § 349 (Consol. 1999).

141. The Florida statute is worded as follows: "Unfair methods of competition . . . and unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful." FLA. STAT. § 501.204(1) (1999).

142. The Texas statute lists the following thirteen types of behavior as being prohibited as unfair competition:

- (1) passing off goods or services as those of another;
- (2) causing [likelihood of] confusion or misunderstanding as to the source, sponsorship, approval, or certification of goods or services;
- (3) causing [likelihood of] confusion or misunderstanding as to affiliation, connection, or association with, or certification by another;
- (4) using deceptive representations or designation of geographic origin in connection with goods or services;
- (5) representing that goods or services have sponsorship, approval, characteristics, ingredients, uses,

Under the Florida statute, a professional sports team could make a strong argument that defendants such as Dallas Cap are acting unfairly by manufacturing and selling unlicensed, counterfeit logos. Meanwhile, under the Texas statute, a professional sports team could make plausible arguments that Dallas Cap's behavior is prohibited by several clauses of the statute. For instance, under the fifth clause, a team could argue that Dallas Cap's behavior represents to the public that Dallas Cap's merchandise is sponsored or approved by the NHL or the underlying teams. While the Lanham Act requires that a trademark be indicative of a certain quality level to function as a trademark, the Texas unfair competition statute has no such requirement.

However, under the New York statute, a professional sports team may have a harder time sustaining a claim of unfair competition. Specifically, the New York statute requires that the plaintiff prove that the defendant engaged in fraudulent, misleading or deceptive practices rather than merely unfair practices. Consequently, while Dallas Cap's behavior was unfair to the sports teams, it would be much harder to prove that the behavior was fraudulent, misleading or deceptive.

Obviously, if a professional sports team can successfully mount unfair competition claims in some states but not others, the results are not ideal, especially from the perspective of the teams. Teams would like to stop all manufacturing of counterfeit logos, but if state unfair competition laws are the only viable causes of action, prohibiting such business practices in states like New York will be nearly impossible.

benefits, or quantities which they do not have or that a person has a sponsorship, approval, status, affiliation, or connection which he does not [have];

(6) representing that goods are original or new if they are deteriorated, reconditioned, reclaimed, used, or secondhand;

(7) representing that goods or services are of a particular standard, quality, or grade, or that goods are of a particular style or model, if they are of another;

(8) disparaging the goods, services, or business of another by false or misleading representation of facts;

(9) advertising goods or service with intent not to sell them as advertised;

(10) advertising goods or services with intent not to supply a reasonable[,] expectable public demand, unless the advertisements disclosed a limitation on quantity;

(11) making false or misleading statements of fact concerning the reasons for, existence of, or amounts of price reductions;

(12) representing that an agreement confers or involves rights, remedies, or obligations which it does not have or involve or which are prohibited by law; or

(13) knowingly making false or misleading statements of fact concerning the need for parts, replacement, or repair services.

2. Copyright Law May Provide a Limited Purpose Solution for Some Trademark Owners

Even if a trademark owner cannot successfully make a claim of trademark infringement, the trademark owner may be able to sustain a cause of action against counterfeit logo manufacturers based on copyright infringement. Like trademarks, copyrights fall under the general category of intellectual property. However, that is where the similarities end. While trademark law exists for the protection of consumers, copyright law exists to provide incentives for people to create new works of art, music, literature, and other expressive works.¹⁴³

As such, a question of copyright infringement focuses on comparing the allegedly infringing copy to the original work and determining what the alleged infringer did to create the copy.¹⁴⁴ More specifically, for a sports logo manufacturer to sustain a copyright infringement claim, he would have to prove that his logo is original and therefore copyrightable subject matter.¹⁴⁵ Most sports logos would constitute original works of art in all likelihood. However, while copyright law probably would enable a sports team such as the Cleveland Indians to prevent a counterfeit manufacturer from creating a tee shirt using the Indians' stylized logo, it probably would not allow the Indians to sustain a claim against a manufacturer who produced a shirt that merely contained the words "Cleveland Indians." Consequently, copyright law would provide relief for sports teams only for certain types of infringement.

Assuming that the sports team has copyrightable subject matter, the team would have to prove that the counterfeit manufacturer actually copied the logo or that the counterfeit manufacturer had access to the original and the counterfeit was substantially similar to the original.¹⁴⁶ However, the team should be able to cross that hurdle relatively easily because it is extremely unlikely that a counterfeit manufacturer could successfully claim that he developed the Cleveland Indians logo independently and that it just happens to be identical to the genuine Indians logo.

143. See *MERGES ET AL.*, *supra* note 8, at 325.

144. The focus of this Note is on how trademark law does not cover certain uses of sports logos and is not meant to be an exhaustive discussion of the various causes of action that the owners of sports logos may employ to protect their rights. Therefore, a thorough discussion of copyright law is beyond the scope of this Note.

145. See 17 U.S.C. § 102(a) (2000).

146. See *Arnstein v. Porter*, 154 F.2d 464, 468-69 (2d Cir. 1946).

3. Amending the Lanham Act to Recognize a Misappropriation Cause of Action Is Not a Viable Solution

Because the traditional likelihood of confusion analysis and the dilution analysis should permit defendants such as Dallas Cap to escape liability and because unfair competition laws vary in significant ways from state to state, a proposed solution would be to amend the Lanham Act to assign liability in such circumstances. In fact, in 1991, Marlene B. Hanson and W. Casey Walls published an article in which they proposed just such a solution.¹⁴⁷

Hanson and Walls proposed amending § 32 of the Lanham Act to include the following language:

(1) Any person who shall, without the consent of the registrant – . . .
(c) use in commerce any reproduction, counterfeit, copy, colorable imitation of, or mark similar to, a registered mark in such a way as to unjustly appropriate the registered mark's trademark good will, . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided.¹⁴⁸

Alternatively, Hanson and Walls suggested amending § 43 by adding the following subsection:

Any person who shall, without the consent of the registrant, use in commerce any reproduction, counterfeit, copy, colorable imitation of, or mark similar to, a registered mark in such a way as to unjustly appropriate the registered mark's trademark good will, . . . shall be liable in a civil action by the registrant for the remedies provided in this act.¹⁴⁹

If the two amendments were adopted, professional sports team plaintiffs would have a much more legitimate claim that defendants such as Dallas Cap were liable for trademark infringement. Specifically, since both suggested amendments focus on unjust enrichment and cast aside likelihood of confusion, counterfeit sports logo manufacturers would seem to fit neatly into the language of the advocated amendments.

Arguably, however, the amendments would not assign liability to defendants such as Dallas Cap. Although both amendments assign liability based on unjust enrichment, they also require an appropriation of goodwill. To the extent that the emblems do not carry any goodwill in the trademark

147. Marlene B. Hanson & W. Casey Walls, *Protecting Trademark Good Will: The Case for a Federal Standard of Misappropriation*, 81 TRADEMARK REP. 480 (1991).

148. *Id.* at 531.

149. *Id.*

sense, these amendments would be inapplicable.

However, assuming that the language of the amendments could be altered such that the behavior of Dallas Cap and other counterfeit logo manufacturers is definitely prohibited, the amendments would have undesirable effects. Specifically, by amending the Lanham Act as suggested, the landscape of trademark law would be significantly altered such that the focus was shifted from the effects on consumers to the effects on the trademark owners.

While implementing a federal misappropriation law or a broad unfair competition law is arguably a good idea, doing so under the guise of trademark law would have untoward effects. By explicitly creating a trademark misappropriation cause of action, Congress would require courts to examine how a defendant's actions have caused monetary harm to the trademark owner without regard to whether or not consumers are affected. Thus, Congress would convert trademark ownership into a property right. While patent, copyright, and trade secret laws are all property rights, trademarks, at least traditionally, have not been protected as property rights. Rather, trademark rights have existed only to the extent that the trademarks distinguish goods in the minds of consumers.

If other areas of intellectual property are protected as property rights, a valid question is why not convert trademark rights to property rights. However, trademarks are fundamentally different from copyrights, patents, and trade secrets. While those areas of intellectual property are protected to encourage invention and creativity, the theory underlying trademark law has nothing to do with creativity.¹⁵⁰ As discussed previously, trademarks exist to allow consumers to distinguish between similar goods without investing an extensive amount of time or money.

Moreover, by amending the Lanham Act as suggested, the defenses of functionality and aesthetic functionality for trade dress and product configuration would be largely eliminated. Eliminating the functionality defenses would have dangerous effects including granting patent-like protection to trademarks and trade dress that would otherwise not be eligible for patents. Unlike trademarks, which last as long as the marks remain distinctive, patents grant the inventor an exclusive monopoly for the life of the patent, approximately twenty years.¹⁵¹ If a defendant could not invoke a functionality defense, the trademark owner would be able to preclude competitors from entering the field, at least until competitors could develop alternatives. While this would arguably encourage better inventions, that is

150. See MERGES ET AL., *supra* note 8, at 530.

151. See MERGES ET AL., *supra* note 8, at 114.

not the goal of trademark law.¹⁵² Rather, that is the goal of patent law.¹⁵³ Moreover, with patents, the invention eventually falls into the public domain. However, without a functionality defense, functional trademarks would never enter the public domain, and competition would be significantly hampered.

4. The Solution is for Courts to Correctly Apply Federal Trademark Law¹⁵⁴

Given the problems that adding an unjust enrichment cause of action to the Lanham Act would create, the question becomes how can professional sports teams prevent unlicensed manufacturers such as Dallas Cap from creating counterfeit logos. The answer to this question is that the teams should be able to avail themselves only of state unfair competition laws as long as the team logos are not functioning as trademarks.

As discussed above, forcing teams to rely on state unfair competition laws will yield uneven results; while teams will be able to enjoin counterfeit logo manufacturers in some states, teams may fail to sustain a cause of action in other states. However, this anomaly does not mean that trademark law should step in just to create uniformity. Trademark law is a subset of the larger body of unfair competition, and it was not intended to create an all-inclusive body of federal unfair competition law.

Arguably, protecting teams from manufacturers such as Dallas Cap encourages investment by the teams in the logos. However, that argument ignores the unique nature of sports logos. Specifically, sports teams had logos well before merchandising became such a big business. Therefore, although merchandising is undoubtedly a major revenue source now, the fact that these logos have existed for so long indicates that the merchandising of the logos is of secondary importance as to the existence of the logos. In addition, the sports logos do not have goodwill in the trademark sense, at least as related to merchandise. Thus, the traditional rationale for trademark law of encouraging investment in a trademark as a signal of quality merchandise is inapplicable.

Ultimately, the goals of trademark law are not advanced by using it to punish the behavior of manufacturers such as Dallas Cap. Although teams may suffer losses of revenue if they are unable to stop such manufacturers, nothing indicates that the losses will reduce the trademark capacities of the logos. Where teams use the logos to indicate that they are the sources of quality products, the logos will continue to function in the trademark sense.

152. See *supra* Part II.A.

153. See MERGES ET AL., *supra* note 8, at 119.

154. For a thorough discussion of how courts have strayed from the traditional likelihood of confusion analysis and recognized a property interest in trademarks, see Lemley, *supra* note 7.

For instance, when a team prints tickets for its home games, the use of the trademark on the ticket indicates a certain quality level that consumers can expect when they attend the games. Thus, teams could still sustain a trademark cause of action (among others) against people who print counterfeit tickets.¹⁵⁵

IV. CONCLUSION

Courts have periodically used trademark law to enjoin manufacturers from producing counterfeit sports logos. However, while the behavior of these manufacturers is questionable at best, it is not the place of trademark law to stop such behavior. Sports logos on merchandise do not indicate a certain quality level to consumers. Therefore, the logos are not operating as trademarks. To prohibit such behavior under existing federal trademark law is to misapply the law. To alter federal trademark law such that the behavior is explicitly prohibited would fundamentally change the focus of trademark law in an undesirable way. Therefore, protecting professional sports teams from counterfeit logo manufacturers is best done through other bodies of law.

Admittedly, most courts are likely to follow the reasoning of the court in *Boston Professional Hockey* by rejecting the functionality defense and finding that defendants similar to Dallas Cap are liable for trademark infringement. Perhaps a more realistic possibility is that courts will follow the reasoning that a district court in California did in *Plasticolor Molded Products v. Ford Motor Co.*¹⁵⁶ in 1989. There, the court determined that the use of Ford's trademark car name Mustang by a third-party manufacturer of floor mats constituted a mixed-use in which using the logo constituted a functional use in part and a trademark use in part.¹⁵⁷ Although the decision was ultimately vacated pursuant to a settlement, the court's proposed remedy was to require a disclaimer of affiliation by the third-party at the point-of-sale.¹⁵⁸ Requiring defendants such as Dallas Cap to disclaim affiliation with the NHL or any of its teams would be a workable compromise that does not offend trademark law.

155. However, teams probably could not sustain a trademark cause of action against defendants who produce counterfeit tickets for sale as souvenirs after the games have been played.

156. 713 F. Supp. 1329 (C.D. Cal. 1989).

157. *Id.*

158. See PATTISHALL ET AL., *supra* note 3, at 393.

